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Fujitsu Exits PACid Suit Over Network Patents

By **Pete Brush**

Law360, New York (January 28, 2011) -- Fujitsu America Inc. has become the latest defendant to exit a suit brought by PACid Group LLC accusing technology companies of infringing two patents for network encryption.

Details of the agreement, lodged Thursday in the U.S. District Court for the Eastern District of Texas, were not immediately available except that each side would bear its own costs.

PACid's suit, filed in March, claimed Fujitsu American and its Japanese parent Fujitsu Ltd. infringed U.S. Patent Numbers 5,963,646, issued in 1999 and titled "Secure deterministic encryption, key generator system and method"; and 6,049,612, issued in 2000 and titled "File encryption method and system."

The patents-in-suit, invented by Guy Fielder and Paul Alito, belong to PACid, the suit said.

Fujitsu's S710 notebook computer, for example, infringed the '646 and '612 patents because it contained program instructions executable to generate encryption keys by combining a constant value with a secret plural bit sequence, PACid claimed.

Other Fujitsu component products like the company's wireless local area network module MBH7WLZ16 similarly infringe the two patents, PACid said.

Fujitsu, which did not answer the complaint, and PACid were not immediately available for comment Friday.

Since mid-November, several tech giants including Motorola Inc., Nikon Corp. and LG Electronics Inc. have exited the litigation. PACid's suit had named a total of 19 defendants.

In July 2009, PACid asserted the same two patents against another 31 defendants including Cisco Systems Inc., Siemens AG and Qualcomm Inc. Cisco and Qualcomm have since exited that case.

Since the new year, defendants ZyXEL Communications Corp. and D-Link Corp. have also left the case via mutual agreements.

This July, PACid filed yet another complaint asserting the two patents against 87 additional defendants, including Best Buy Co. Inc., Yamaha Corp., Eastman Kodak Co. and Ricoh Co. Ltd.

In September, Yamaha became the first defendant to exit that suit through a joint motion to dismiss, but Eastman Kodak took a different track, answering the suit in September and denying the allegations of infringement.

Ricoh and other defendants, including Logitech International SA, United Technologies Corp. and Brocade Communications Systems Inc., also followed Yamaha out of that suit.

PACid is represented by Marc A. Fenster, Alexander Chester Giza and Adam S. Hoffman of Russ August & Kabat, Andrew W. Spangler of Spangler Law PC and Hao Ni of the Ni Law Firm PLLC.

Fujitsu America is represented by in-house counsel.

The Fujitsu case is PACid Group v. Asustek et al., case number 6:10-cv-00108, in the U.S. District Court for the Eastern District of Texas.

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